

Mid-Week Markets Recap: February 11, 2026

Key Takeaways

- Foreign demand for U.S. Treasuries shows signs of softening amid rising geopolitical uncertainty
 - Alphabet enters the century bond market, highlighting strong investor appetite for ultra-long duration debt
 - Eli Lilly expands its pipeline through the acquisition of Orna Therapeutics
 - Shopify's quarter reflects resilient high-income consumer spending in a K-shaped economy
 - A stronger-than-expected jobs report pushes back near-term rate cut expectations and lifts Treasury yields
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Foreign Holdings Impacted by American Geopolitical Volatility

“American Geopolitical Uncertainty Prompts Reduction in Foreign Treasury Holdings”

Earlier this week, reports emerged indicating that Chinese banks and financial institutions have been urged to curb their holdings of U.S. Treasuries. The significance of these developments is amplified by the fact that they reflect an ongoing trend among BRIC (Brazil, Russia, India, and China) countries to reduce exposure to U.S. debt.

Brazil, for example, held approximately \$229 billion in U.S. debt in November 2024, a figure that declined to \$168 billion one year later. India experienced a similar trend, with its holdings falling by roughly \$47.5 billion over the same period. While China's holdings remain elevated relative to November 2024 levels, they have begun to contract gradually, and recent reports further reinforce this shift.

Globally, investors are becoming increasingly cautious about allocating capital to U.S. debt markets, driven largely by geopolitical uncertainty and its broader implications for the dollar. Recent developments surrounding Greenland have highlighted how foreign governments may even leverage Treasury holdings as a geopolitical tool, further heightening these concerns.

Against this backdrop, many investors have shifted out of the dollar and into precious metals such as gold and silver, contributing to their sharp rise through the end of January. These concerns have persisted into the current period, prompting both institutional and sovereign investors to increase hedging against potential dollar weakness.

As this trend continues, heightened attention to the dollar remains warranted, particularly with respect to managing downside risk.

Alphabet's Record Debt Issuance

“Alphabet Announces Century Bond Issuance, first since the Dot-Com Era”

Alphabet, the parent company of Google, stole the headlines Tuesday morning with its announcement that it plans to issue a 100-year bond. The offering will be primarily denominated in sterling and structured across multiple tranches, targeting strong demand from UK pension funds and insurers, which have shown a consistent appetite for long-dated debt.

The announcement follows Alphabet's recent earnings report, in which management projected capital expenditures in the \$175–\$185 billion range for the year ahead. While the guidance initially pressured investor sentiment, such aggressive spending is necessary for the scale of investment required to meet rising AI-related demand. The practical impact of this strategy became evident shortly after, as Alphabet successfully completed a \$20 billion U.S. bond offering earlier in the week, which also saw elevated demand. That issuance featured maturities ranging from three to forty years, with the 40-year tranche carrying a 5.75% coupon.

The last 100-year bond issuance investors have seen came from IBM and Motorola, dating all the way back to the dot-com era. Since then, debt issuances with extended maturities this long were unheard of, but Alphabet broke this pattern. The strong demand prevalent for this issuance by Alphabet displays investor sentiment surrounding their company and how this image is changing. Rather than being seen as a traditional growth stock, Alphabet is slowly starting to establish itself as a pioneer built to outlast the current tech landscape, and this planned issuance is a prime example of this. Moving forward, it's important to pay attention to how this announcement impacts many other hyperscalers who have also planned to move forward with historic spending, and whether this spending will start to increasingly weigh towards longer-term maturities and what this could mean for spreads.

Eli Lilly Continues to Make Its Mark

“Eli Lilly Announces Acquisition of Orna Therapeutics”

In the past week the pharmaceuticals industry experienced a series of developments centered around updated sales outlooks as well retaliatory actions being taken against the rise of “copycat” drugs. Eli Lilly, the focal point of this topic, falls in the former.

Eli Lilly emerged as one of the heavyweights of the pharmaceutical industry when it announced a robust outlook for its next year's sales. In contrast, Novo Nordisk, previously Europe's most valuable company, delivered a softer outlook for next year's sales, reflecting heightened pricing pressure in the U.S. and increasing competition from copycat drugs. These announcements came side-by-side, and saw prices move in the opposite direction for each respective company.

Last week built the foundation for Eli Lilly when it came to resurfacing investor optimism, this week went even further. Early Monday, Eli Lilly announced it would be acquiring Orna Therapeutics in a deal that would

see shareholders of the target receive \$2.4 billion in cash through a mix of an upfront payment and milestone-based compensation. This acquisition comes as a part of Eli Lilly's initiative of expanding into the genetic medicine realm, one in which Orna Therapeutics has made groundbreaking developments.

Taken together, recent developments suggest that Eli Lilly is consolidating its leadership position within the sector. With strong earnings visibility and continued strategic investment in its pipeline, the company appears well-positioned to sustain momentum in the near to medium term.

Consumer Spending Remains Resilient

“Shopify's Strong Quarter Reflects K-Shaped Consumer Resilience”

On Wednesday morning, Shopify reported its fourth-quarter earnings, which were met with a positive market reaction. While adjusted EPS missed analyst expectations, both revenue and gross merchandise volume exceeded consensus, drawing investor focus toward underlying operating momentum.

This growth in revenue and overall volume is underpinned by resilient consumer spending in the current environment we're in. Shopify primarily generates its revenues through fees administered on merchant sales, as well as the provision of monthly subscription plans. As more items are sold, Shopify can collect a larger portion of their administered fees, and that is what occurred this quarter. What drove this growth, which came from increased volume, was a change in consumer spending habits. This pattern can be attributed to the K-Shaped Economy, a trend that's been heavily prevalent throughout the past year. In a condensed explanation, the K-Shaped Economy is one in which higher-income households continue to see an expansion of their wealth, while lower to middle-class households experience their purchasing power slowly fading away. Some of Shopify's top consumers include Kylie Cosmetics, SKIMS, Steve Madden, and Gymshark. These brands have typically appealed to higher-end consumers, and given the current macro backdrop we are in, it has allowed for an increase in spending across the board, spending that has ultimately come to benefit Shopify.

It wasn't just the growth in revenue and volume that drove Shopify's shares up following its earnings report, but it was also the announcements that came with it. Within their report, Shopify announced a share buyback program in which they would plan to repurchase up to \$2 billion of shares. Alongside this announcement also came their updated outlook for next year in which they expect strong growth for the year to follow. Revenue is expected to grow within the low thirties' percentage range for the next quarter, above analyst estimates of around twenty-five percent according to LSEG. Shopify had also projected gross margin to be in the high twenties' percentage range for next quarter, higher than the 25% growth experienced this past quarter. From a top-level view it's clear that the foundation of these expectations is resilient consumer demand, particularly from higher-income brackets. While this may be a solid base for expectations regarding the year to come, it is also important to note that a noticeable portion of growth experienced this quarter came from the holiday-season, a trend that will not persist in the months to follow.

A Mixed Labor Signal for Markets and the Fed

“Stronger-Than-Expected Jobs Report Pushes Back Rate Cut Expectations”

The Bureau of Labor Statistics released its “jobs report” Wednesday morning which delivered an immense surprise to many estimates. For the month of January, total nonfarm payroll employment rose by 130,000, far beyond the Dow Jones consensus estimate of 55,000. This growth was primarily driven by increased employment within the healthcare, social assistance, and construction sectors. The number of unemployed individuals remained steady at around 7.4 million, leaving the unemployment rate at 4.3%.

Within the healthcare sector, a significant share of job growth was concentrated in ambulatory healthcare services, which accounted for approximately 50,000 new positions. Within the construction sector, the majority of employment gains were driven by nonresidential trade contractors, which added approximately 25,000 jobs. Social assistance saw an overall gain of 42,000 jobs, with 38,000 primarily coming from the provision of individual and family services. In the past we have continued to see that the healthcare industry is what continues to drive employment up, and this week’s report further reinforces this.

The importance of this month’s report was further amplified by its inclusion of the annual benchmark revisions. For March 2025, seasonally adjusted employment was revised down by 898,000. On a not seasonally adjusted basis this number dropped to 862,000. For the entirety of 2025, on a seasonally adjusted basis, total nonfarm payroll jobs added were revised down from 584,000 to 181,000.

While employment has started the year on a strong note, the broader trend remains considerably weaker. The unemployment rate remains relatively stable and within the Fed’s target range, however on a historical basis this may not seem the case. With the revisions to last year’s data, it’s clear that actual employment was further below what had been previously reported, and this discrepancy further amplifies fears of a potential cooling labor market. Despite this, the resilience in topline hiring for the month of January reduced the urgency for near-term rate cuts and pushed yields higher to start the day. Attention now turns to the Federal Reserve’s mid-March meeting and this week’s CPI release, both of which will be critical in determining whether inflation and labor conditions justify maintaining restrictive policy for longer.

Looking Ahead

- Initial Jobless Claims (Thursday)
- Coinbase Q4 2025 Earnings (Thursday)
- CPI Report (Friday)